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[Third Party Communication:

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**From:** [REDACTED]

**Sent:** Tuesday, May 27, 2014 2:53:58 PM

**To:** [REDACTED]

**Cc:** [REDACTED]

**Bcc:**

**Subject:** Foreign country

In response to your inquiry, subject to the limitations in I.R.C. § 904, a U.S. citizen may elect to take a credit against his or her U.S. income tax liability for "the amount of any income, war profits, and excess profits taxes paid or accrued during the taxable year to any foreign country or to any possession of the United States." I.R.C. §901(b)(1).

Rather than claim a foreign tax credit, a taxpayer may elect to claim an itemized deduction for such foreign taxes, as well as state and local income, war profits, and excess profits taxes. I.R.C. §§ 164(a)(3), 164(b)(3). However, neither the European Union nor an international organization is considered a foreign country. Accordingly, a taxpayer cannot claim a foreign tax credit under I.R.C. §901 or an itemized deduction under section 164(a)(3) for taxes on wages he or she pays to the European Union or an international organization, because I.R.C. §§ 901(b)(1) and 164(b)(3) generally limit creditable and deductible income taxes to those paid to a foreign country. Treas. Reg. §§1.164-3(d) and 1.901-2(g)(2).